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SUBJECT: KRSKO NUCLEAR PLANT AGREEMENT ENTERS INTO FORCE AT
LAST

REF: LJUBLJANA 216

1. THE BILATERAL AGREEMENT ON THE KRSKO NUCLEAR POWER PLANT, LOCATED IN SLOVENIA BUT CO-OWNED BY SLOVENIA AND CROATIA, CAME INTO FORCE ON MARCH 11, THE DATE THE GOC RECEIVED THE SLOVENIAN DIPLOMATIC NOTE REGARDING SLOVENIAN RATIFICATION. ON MARCH 14, THE CROATIAN PARLIAMENT REJECTED TWO MOTIONS FROM OPPOSITION PARTIES TO WITHDRAW CROATIAN RATIFICATION -- SOMETHING THE PARLIAMENT HAD LEFT OPEN AS A POSSIBILITY WHEN IT RATIFIED THE AGREEMENT IN JULY 2002 IN THE CASE THAT SLOVENIA DID NOT RATIFY BY THE END OF 2002.

2. WHILE THE AGREEMENT SETTLED OUTSTANDING CLAIMS AND ARREARS THROUGH JUNE 30, 2002, THE DELAY IN ENTRY INTO FORCE MEANS THAT ANOTHER EIGHT MONTHS HAVE LAPSED DURING WHICH CROATIA RECEIVED NEITHER ELECTRICITY FROM THE PLANT NOR MONEY FROM THE SALE OF THE ELECTRICITY. ACCORDING TO THE GOC, SLOVENIA IS ON THE HOOK TO PAY CROATIA FOR ITS SHARE OF ELECTRICITY PROCEEDS DURING THAT PERIOD. HOWEVER, THE GOC HAS ANNOUNCED IT WILL SEEK TO SETTLE THE ISSUE OF NON-DELIVERY OF ELECTRICITY DURING THE EIGHT MONTH PERIOD SEPARATELY, AND WELCOMES THE AGREEMENT AS CLEARING THE WAY FOR CROATIA TO RESUME ITS ROLE AS FIFTY-PERCENT OWNER OF THE PLANT.

3. OBJECTIONS TO THE KRSKO AGREEMENT IN THE PARLIAMENT CENTERED AROUND WHETHER THE FINANCIAL PROVISIONS WERE GOOD FOR CROATIA. ONE OBJECTION CAME FROM THE HSLS (CROATIAN SOCIAL LIBERAL PARTY), WHICH LEFT THE RULING COALITION LAST SUMMER, OSTENSIBLY OVER THIS ISSUE, AND THE EXTREME RIGHT-WING HSP (CROATIAN PARTY OF RIGHTS), WHICH REPORTEDLY ALLEGED THAT SUPPORTERS OF THE AGREEMENT IN THE GOVERNMENT WERE "COLLABORATORS" OF THE SLOVENES.

4. THERE WAS ALSO SOME CONSTERNATION IN THE PARLIAMENT AND IN THE PRESS OVER A PROVISION OF THE SLOVENIAN LAW OF RATIFICATION, WHICH CAME AS AN ATTACHMENT TO THE DIPLOMATIC NOTE. THE PROVISION APPARENTLY CITES EU REGULATIONS AS REQUIRING A SHORTER TIMELINE FOR DETERMINING FINAL DISPOSITION FOR THE NUCLEAR WASTE FROM THE PLANT. WHILE THE PRESS CHOSE TO MAKE AN ISSUE OF THIS PROVISION, AND EVEN CLAIMED THAT IT INCREASED THE POSSIBILITY THAT CROATIA MIGHT ONE DAY HAVE TO STORE THE WASTE, THE GOVERNMENT EXPLAINED THERE WAS NOTHING ABOUT IT THAT CHANGED CROATIA'S OBLIGATIONS, WHICH ARE CONTAINED WITHIN THE TEXT OF THE AGREEMENT ITSELF. IF SLOVENIA WANTED TO TAKE ON ADDITIONAL BURDENS, THAT WAS ITS PREROGATIVE.

5. FROM OUR DISCUSSIONS WITH THE MINISTRY OF ECONOMY, IT IS CLEAR THAT CROATIA HAS NO INTENTION OF EVER STORING THE WASTE ON ITS TERRITORY. ACCORDING TO THE AGREEMENT, CROATIA AND SLOVENIA SHARE RESPONSIBILITY FOR FINDING A PERMANENT SOLUTION TO THE DISPOSAL PROBLEM (CURRENTLY, WASTE IS STORED ON-SITE AT KRSKO), AND A PROGRAM FOR THE DECOMMISSIONING OF THE PLANT SHOULD BE DRAFTED WITHIN 12 MONTHS FROM THE ENTRY INTO FORCE OF THE AGREEMENT. IF THE PARTIES FAIL TO REACH AGREEMENT ON DISPOSAL OF RADIOACTIVE WASTE BY THE END OF THE PLANT'S LIFE (NOW SET FOR 2023, BUT WITH AN EXTENSION POSSIBLE), THEN WITHIN TWO YEARS OF THE PLANT'S DECOMMISSIONING, BOTH PARTIES ARE OBLIGED TO STORE THE WASTE IN A 50-50 DIVISION. CROATIA HAS NO INTENTION OF ALLOWING THAT TO COME TO PASS, AND OUR CONTACT IN THE MINISTRY OF ECONOMY PREDICTED THAT ULTIMATELY THE WASTE WILL END UP IN A THIRD COUNTRY.

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